GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:4305
ANSWERED ON:07.05.2007
FREE MARKETING OF AGRICULTURAL PRODUCE
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Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government has been advocating for free marketing of agricultural produce and most of the States have already done so;

(b) if so, the details thereof; and

(c) the extent to which this decision has helped to bring private sector participation?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA)

(a) & (b): The Central Government has advised the State Governments by circulating a Model Agricultural Produce Marketing (Development & Regulation) Act in 2003, to make amendments in their respective Agricultural Produce Marketing Committee (APMC) Acts, to allow direct marketing and contract farming and to facilitate setting up of competitive markets in private and cooperative sector. The development of contract farming, direct marketing and alternative competitive market in private and cooperative sector would provide freedom to farmers to sell their produce in such market, which will ensure them better prices/services. The State Governments of Madhya Pradesh, Himachal Pradesh, Punjab, Sikkim, Nagaland, Andhra Pradesh, Rajasthan, Chhattisgarh, Orissa, Assam, Arunachal Pradesh, Maharashtra and Union Territory of Chandigarh have made amendments on the major areas of reforms suggested in the Model Law and Haryana, Karnataka, National Capital Territory of Delhi, Gujarat have made partial reforms. Government of Bihar has repealed the APMC Act. The States and UT of Kerala, Manipur, Andaman and Nicobar Islands, Dadra and Nagar Haveli, Daman and Diu and Lakhsadweep have no APMC Acts. The APMC Act in Tamil Nadu already had required provisions. Since agriculture marketing is a State subject, it is for the State Governments to amend the APMC Act as suited to them.

(c): Contract Farming is being practiced in number of States, which has benefited the farming community by way of assured returns as well as availability of quality products to the industry. Under Contract Farming arrangements, the private sponsoring companies/ agencies are providing technical know-how and quality inputs for getting desired produce from the farmers. Under the provisions of Direct Marketing, many private companies are making purchase of agricultural produce from farmers directly. This has assured better price to the farmer at his doorstep without going through the network of commission agents. The Department of Agriculture & Cooperation is also implementing a Central Sector Scheme for Development of Agricultural Marketing Infrastructure, Grading and Standardization with effect from 14.06.2005 in such states which have amended their APMC Act. The aim of the Scheme is to encourage rapid development of marketing infrastructure in agriculture and allied sectors by encouraging private investment. Under this Scheme, credit- linked back-ended subsidy is provided on the capital cost of general or commodity specific infrastructure including private markets/ farmers markets/ cooperative markets, other markets user facilities, functional infrastructure for direct marketing and e-trading and mobile infrastructure for marketing of agricultural commodities including the facilities for grading, standardization and certification of agricultural produce. By 31st March, 2007, 1540 market infrastructure related projects with a total financial outlay of Rs.276.42 crore have been sanctioned by the National Bank for Agriculture and Rural Development (NABARD) and a subsidy of Rs. 27.96 crore has been released under the scheme.